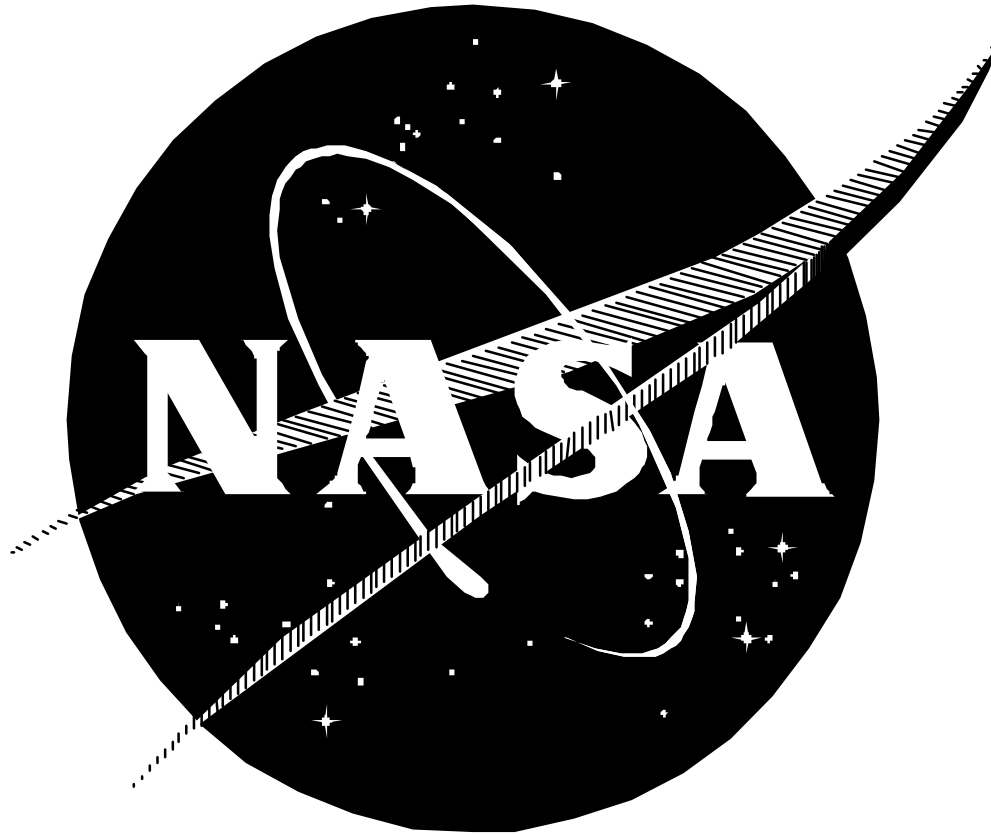


# Earned Value Management: A Procurement Perspective

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**September 15, 1998**

**[kenneth.sateriale@hq.nasa.gov](mailto:kenneth.sateriale@hq.nasa.gov)**

# NASA FAR Supplement Draft Changes

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## DoD Compatibility:

ACO to assist in EVMS plan evaluation

DCMC delegated verification of compliance

NASA to review/approve applied subs

# NASA FAR Supplement Draft Changes

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## Different from DoD:

Thresholds

Winning offeror only to submit Criteria-based  
EVMS Plan

# Flow-Down of Promises

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Capital Programming Guide

NASA Policy Guide 7120.5A

Program Commitment Agreements

Program/Project Plans

Contract Requirements and Incentives:

Technical, Schedule, and Cost Performance

# NASA STRATEGIC PLAN

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“Through the implementation of Performance Based Contracting and other initiatives, we will assign a higher level of integration responsibility and accountability to our contractors. By moving NASA civil service employees from detailed operations management to contract [surveillance] roles, we will enable the aerospace business, not direct it.”

# PROGRAM/PROJECT IMPLEMENTATION

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1. Prime Contractor
2. NASA as Integrator
3. In-House



**Increasing level of  
integration  
responsibility and  
accountability  
assigned to  
contractors**

# Elements of PBC

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1. Performance Requirements and Standards
2. Completion Form Contract Type  
(FFP, FPIF, CPIF, CPAF, but not LOE)
3. Fee Incentives for Results Not Best Efforts
4. **Surveillance: Insight/ Oversight**

# **SURVEILLANCE**

## **Definition**

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The monitoring/tracking and verification and analysis of status and/or performance of an entity to ensure that specified requirements are being met.

Surveillance can be performed in an insight mode, oversight mode, or in combination, as determined by a risk-based decision process.

# SURVEILLANCE PHILOSOPHY

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Surveillance can be a costly, human resource intensive activity. Therefore, the Government must determine the appropriate levels of surveillance by striking a balance between conserving project funding, and assuring safety and mission success.

# SURVEILLANCE PHILOSOPHY

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Contracts which have been written as performance-based must be administered so as to realize the benefits of the contract structure and to preserve the Government's rights. However, PBC does not absolve the Government from ultimate accountability in the eyes of the public.

# GOVERNMENT SURVEILLANCE MODES

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**Insight.** Surveillance mode requiring only the monitoring and analysis of agreed on or contracted milestones and metrics. Insight is a continuum that can range from low intensity, such as reviewing quarterly reports, to high intensity, where the customer performs plant audits and/or hardware inspections. Although increasing levels of insight will result in increasing quantities of data, the customer does not provide approval to the performing organization.

**Oversight.** Surveillance mode in which the customer retains and exercises approval authority to continue work. Oversight is a continuum that can range from low intensity, such as limiting customer involvement to participation in reviews (e.g. PDR, CDR), to high intensity oversight, in which the customer has day-to-day involvement in the decision making process.

# BINGO!

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EVM, because of its unique integration of technical, schedule, and cost performance indicators, is potentially the ideal tool for implementing the insight mode of surveillance.

# NASA's Challenges

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Budget Stability

Useful Work Breakdown Structures

Trained/Indoctrinated Staff

Bona Fide Top-Level Support

# Industry Challenges

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Cost Reduction

Integrated EVM

Establish EVM Credibility

# NASA's EVM Pesky Questions

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Will OMB really provide full funding?

How widespread is EVM in industry when not mandated by government?

Why can't EVM be an indirect charge?

Will primes insist on EVM for subs?